

## Message Text

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ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

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FM SECSTATE WASHDC

TO AMEMBASSY LISBON PRIORITY

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E.O. 11652: XGDS

TAGS: BEXP, PO

SUBJECT: EX-IM CREDIT 5671 TO PETROSUL

REF: LISBON 0093; STATE 280608

1. PROCEDURES PROPOSED LISBON 0093 FOR SIGNING IN LISBON OF EXIM LOAN AGREEMENT WITH PETROSUL ARE ACCEPTABLE. SUGGEST, HOWEVER, THAT PUBLICITY BE HANDLED CAREFULLY SO AS NOT REPEAT NOT RAISE UNDUE PORTUGUESE EXPECTATIONS FOR NEW EXIMBANK CREDITS WHICH CANNOT BE SATISFIED WITHIN CURRENT EXIMBANK GUIDELINES RELATED TO DIFFICULT PORTUGUESE ECONOMIC SITUATION. (SEE STATE 280608.)

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2. EXIMBANK HAS ALREADY INCLUDED PETROSUL CREDIT IN PRESS

RELEASE ON JUNE 30, 1975, WITH SEVERAL OTHER CASES IN ACCORDANCE WITH STANDARD EXIMBANK PRACTICE OF ANNOUNCING CREDITS SHORTLY AFTER AUTHORIZATION RATHER THAN AT TIME OF LOAN SIGNATURE. AS EXIM CUSTOMARILY GIVES NO ADDITIONAL PUBLICITY TO SIGNING ARRANGEMENTS, EXIMBANK PLANS NO CEREMONY NOR FURTHER PRESS RELEASE IN THE U.S. FOLLOWING TEXT IS RECOMMENDED AS BASIS FOR FACTUAL RELEASE BY EMBASSY IN ACCORDANCE WITH PUBLICITY GUIDANCE IN PARAGRAPH 1. ABOVE. PLEASE PROVIDE TEXT AS ACTUALLY USED BY EMBASSY AND CONFIRM SIGNING ARRANGEMENTS.

3. BEGIN TEXT. IN A CEREMONY AT (BLANK) TODAY, SOCIEDADE PORTUGUESA DE REFINACAO DE PETROLEOS (PETROSUL) SIGNED A LOAN AGREEMENT WITH THE EXPORT-IMPORT BANK OF THE UNITED STATES TO HELP FINANCE A DOLS 10 MILLION SALE OF U.S. EQUIPMENT, MATERIALS AND SERVICES RELATED TO THE CONSTRUCTION AND INITIAL OPERATION OF AN OIL REFINERY AT SINES, PORTUGAL. EXIMBANK WILL SIGN THE AGREEMENT IN WASHINGTON. SIGNING FOR PETROSUL IN LISBON TODAY WAS (BLANK), AND THE AMERICAN AMBASSADOR, FRANK C. CARLUCCI, AND (BLANK) OF THE PORTUGUESE GOVERNMENT ATTENDED THE CEREMONY.

THE EXIMBANK BOARD OF DIRECTORS AUTHORIZED IN FEBRUARY 1975 THIS DIRECT CREDIT OF DOLS 4.5 MILLION TO FINANCE 45 PERCENT OF THE TOTAL U.S. COSTS. ANOTHER CREDIT OF DOLS 4.5 MILLION FROM HARRIS BANK AND TRUST WILL FINANCE 45 PERCENT OF THE TOTAL U.S. :9 5 , AND WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. THE OBLIGOR, SOCIEDADE PORTUGUESA DE REFINACAO DE PETROLEOS (PETROSUL), WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR DOLS 1.0 MILLION.

U.S. PURCHASES WILL INCLUDE PUMPS, COMPRESSORS, TURBINES, A COMPUTER, ALLOY HEATER TUBES, INSTRUMENTS, ALLOY AND CARBON STEEL PIPE, VALVES, FITTINGS, PROJECT SUPERVISION AND ENGINEERING SERVICES. THE PRIME CONTRACTOR IS EXPECTED TO BE PROCON INCORPORATED OF DES PLAINES, ILLINOIS, A SHOLLY-OWNED SUBSIDIARY OF UNIVERSAL OIL PRODUCTS COMPANY, WHICH WILL HANDLE DESIGN CONSTRUCTION AND PROCUREMENT. U.S. SUB-CONTRACTORS HAVE NOT YET BEEN SELECTED.

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING NOVEMBER 10, 1977. EXIMBANK'S DIRECT CREDIT OF DOLS 4.5 MILLION WILL BE REPAID OUT OF THE LAST 8 INSTALLMENTS LIMITED OFFICIAL USE

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AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WILL BE BLENDED WITH THE PORTION OF THE CREDIT FROM HARRIS BANK AND TRUST COMPANY OF CHICAGO AT A FLOATING RATE TO BE REPAID OUT OF THE FINAL 8 INSTALLMENTS. END TEXT  
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## Message Attributes

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